MARCOR

Montgomery Ward
Container Corporation of America

Annual Report 1973

Annual Sales
Compound Growth Rate 10.3%

1968 Sales $2.5 billion
1973 Sales $4 billion

Annual Earnings
Compound Growth Rate 10.9%

1968 Earnings $57.7 million
1973 Earnings $96.7 million

Financial Highlights

Fiscal Years Ended January 31, 1974 and 1973		1973	1972	Percent Increase (decrease)
Net Sales				
Montgomery Ward		$3,230,895,000	$2,640,122,000	22.4
Container Corporation		767,477,000	644,733,000	19.0
Other Marcor Subsidiaries		79,043,000	84,466,000	(6.4)
Total		$4,077,415,000	$3,369,321,000	21.0
Net Earnings				
Montgomery Ward		$ 62,051,000	$ 49,469,000	25.4
Container Corporation		50,429,000	33,576,000	50.2
Other		(4,087,000)	1,368,000	—
Net Earnings Before Parent Company Interest Charges		$ 108,393,000	$ 84,413,000	28.4
Less—Marcor Interest Expense		11,741,000	11,741,000	—
Total Net Earnings		$ 96,652,000	$ 72,672,000	33.0
Earnings Per Common Share		3.01	2.17	38.7
Earnings Per Common Share Assuming Full Dilution		2.32	1.77	31.1
Dividends Paid Per Common Share		$ .87½	$ .80	
Stockholders' Equity		$1,028,949,000	$ 957,214,000	
Book Value Per Common Share		$ 26.60	$ 24.58	
Shares Outstanding:	Preferred	6,059,573	6,173,543	
	Common	28,339,118	27,548,148	

Marcor Stockholder Meeting

The Annual Meeting of Marcor stockholders will be held at 10 a.m. Tuesday, May 28, 1974 at 619 West Chicago Avenue, Chicago, Illinois. Formal notice of the meeting, a proxy statement and proxy, were mailed to all stockholders of record April 15, 1974 with a copy of this Report.

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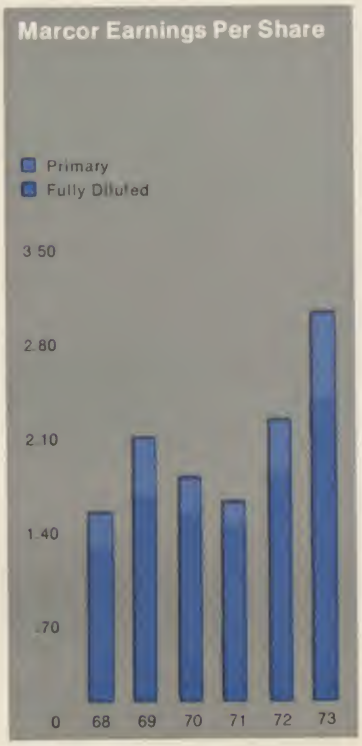
Chairman's Report to Stockholders

Leo H. Schoenhofen
Chairman of the Board,
Chief Executive Officer

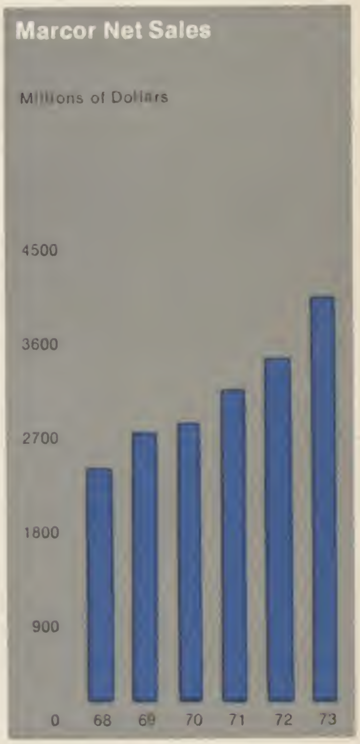
Fiscal 1973 was a record year for Marcor. Sales and earnings climbed to an all-time high, meeting the objectives established in the five-year plan developed when Marcor was formed in October, 1968.

Net earnings in 1973 rose to $96,652,000, climbing 33% above the previous record of $72,672,000 achieved in fiscal 1972. These earnings reflect the provision of a special reserve of $4.4 million to reduce to an estimated realizable level our investment in facilities and housing properties of Marcor Housing, a subsidiary which has been experimenting with mass production housing systems.

Earnings per share improved from $2.17 in 1972 to $3.01 on a primary basis last year, and from $1.77 to $2.32 per share, assuming full dilution. Because of this earnings improvement, the company was able to increase the quarterly dividend on common stock from 20 to 22½ cents per share during the year. Since the formation of Marcor, our annual dividend rate has been increased 80%, from 50 cents to 90 cents per common share.



Marcor sales passed the $4 billion mark last year, rising 21% above the sales record established in 1972. Our profit after taxes on these sales was 2.37% in 1973, compared with 2.16% the previous year. The rate of return on shareholders' equity, after taxes, rose to 10.1%, compared with 7.9% in 1972.



Details of the performance of Container Corporation and Montgomery Ward are highlighted on the opposite page. While meeting or exceeding their objectives, both of these Marcor companies have improved their share of market, strengthened their organizations and greatly improved their physical facilities, providing a stronger base for future sales and earnings progress.

Capital expenditures for all Marcor subsidiaries last year totaled $203 million, compared with $151 million in 1972. We are planning capital expenditures of $199 million in 1974.

After many years of service on the Board of Directors, Donald M. Graham and Edward Gudeman are retiring as directors of the company. Nominated to succeed them are: Marina v. N. Whitman, Distinguished Public Service Professor of Economics at the University of Pittsburgh and former member of the President's Council of Economic Advisors; and W. Leonard Evans, Jr., President and Publisher of Tuesday Publications, who has had a long and successful career in marketing, advertising and publishing.

As Marcor enters 1974, the opportunity for continued sales and profit progress is good, despite continuing uncertainty about the economy, the specter of escalating costs, shortages of energy and materials, and the after-effects of wage and price controls, which have distorted patterns of resource allocations.

Several factors are favorable to the economy in 1974. Inventories remain at low levels; the agricultural sector is sound; business investment in capital goods is strong; consumer incomes and savings continue to rise at a healthy rate. Because of these factors, we do not foresee the possibility of any significant reduction in consumer spending this year. Consumer buying currently continues at a strong level, even though it is not surging upward at the dramatic rate of 1973.

Since sales of our two principal subsidiaries are directly related to the consumer economy, we expect our sales and earnings to continue to improve in 1974's economic climate, although at a more moderate rate than we reported last year. Recognizing the possibility of a recession and continuing high level inflation, our companies implemented stringent programs of cost controls, energy conservation, and productivity improvements in 1973. We expect to be able to cope successfully with the increasing costs of materials, transportation, labor and energy during 1974.

For the longer term, our prospects are bright. Wards continues to increase its share of market while improving the productivity of its facilities and has great potential for further progress in these areas.

Container Corporation is part of an industry that currently is recovering from an extended period of unsatisfactory earnings growth, stemming from an unfavorable supply-demand relationship. Continued growth in demand, without corresponding increases in paperboard manufacturing capacity, have brought supply and demand into balance. Projected growth in worldwide demand for paperboard packaging indicates healthy prospects for this industry for the next five years, and we expect Container Corporation to prosper in this economic environment.

Regardless of the path the U.S. economy follows in 1974, we have considerable strength in the diversity of our companies' businesses. In addition to its catalog and retail enterprises, Ward's insurance, banking, educational and restaurant companies are doing well. In addition to its involvements in several important segments of domestic packaging, Container has growing operations in six overseas countries where economic prospects are excellent.

This combination provides the expectation that 1974 will be a good year for Marcor with prospects for substantial sales and earnings growth in succeeding years.

Leo H. Schoenhofen

Leo H. Schoenhofen
Chairman and Chief
Executive Officer

ONTGOM

WAR

Edward S. Donnell
President,
Chief Executive Officer

Sales of Montgomery Ward established an all time record in fiscal 1973 and earnings reached the highest level since 1950.

Operating earnings, before provision for income taxes and parent company interest charges, rose to $112 million, climbing 24.4% above last year's operating profits of $90 million. Earnings after taxes were $62 million. Total net sales were $3.2 billion, representing a 22.4% increase above 1972 record sales of $2.6 billion.

This improved 1973 performance was achieved despite constantly rising operating costs and the restrictions of government price controls. The improvement was the result of a combination of factors.

Consumer buying continued at a healthy pace throughout the year, rather than softening during the second half as many economists had projected. Since our own market analysis projected no significant slackening of customer demand for Ward-type merchandise, we budgeted and purchased accordingly. As a result, we had adequate stocks available in most merchandise lines when shortages developed in some areas in late 1973.

The aggressive retail store merchandising and promotional programs instituted in 1972 were strengthened and retail store sales climbed 24.9% to $2.4 billion.

We continue to concentrate on improving the productivity of existing Ward retail outlets. In 1973, retail stores produced sales of $106 per square foot of retail selling area, including sales of catalog desks located in those stores. This compares with sales of $94 per square foot in 1972. Average sales per store were $5.4 million in 1973, compared with $4.2 million the previous year, a 29% increase.

The catalog division enjoyed an excellent year, increasing sales by 16.3% to $764 million and doubling its profits.

One of our important continuing goals has been to improve our share of market, which has a direct effect upon our profitability. We are pleased to report that we were able to improve our share of general merchandise sales from 1.26% to 1.38% of the national market, an improvement of 10%. Our share of the market was improved in all regions of the country.

Internal efficiencies were improved in both catalog and retail, by strengthening our distribution system, improving inventory control, and exercising strict cost controls.

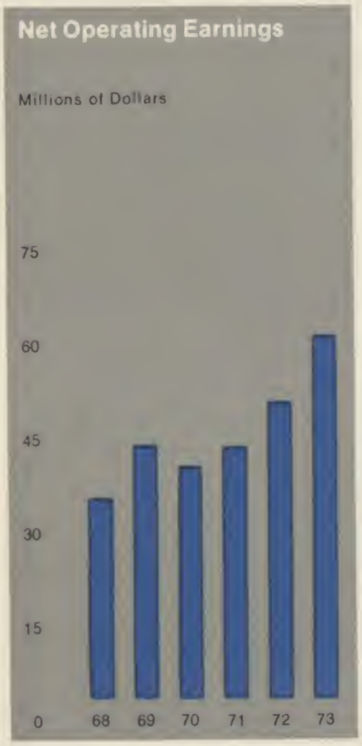
Credit sales were increased by 20% during the year, and represented 50% of total sales in 1973.

Our repair and automotive services increased their revenues and profits.

Excellent progress also was made by our non-retail subsidiary companies—Montgomery Ward Life Insurance Company, M-W Education Corporation, Pioneer Trust & Savings Bank, and our three restaurant chains: Putsch's in Kansas City, Sign of the Beefeater in Detroit, and Golden Bear Family Restaurants in Chicago.

Wards today is predominantly a new store company. Of the 449 retail stores in operation at year-end, 319 have been opened as part of the expansion and rebuilding program begun in 1958. Our remaining 130 stores were built prior to 1938.

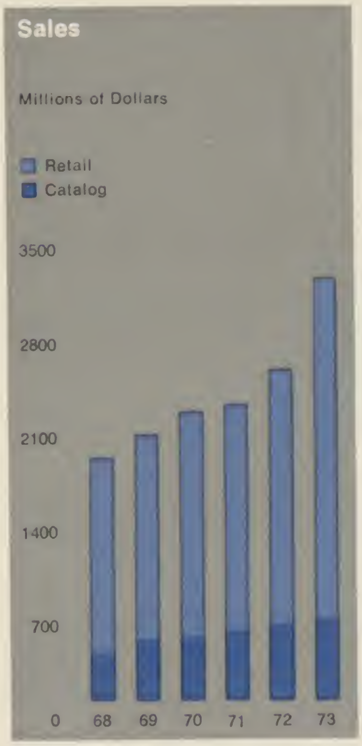
New stores currently produce over 90% of retail sales and over 95% of retail earnings.



Operating and closing down old stores no longer poses a significant financial burden to Wards, and most older stores will be closed or replaced in the next five years.

In 1973, Wards opened 20 new stores with 1.8 million square feet of selling space and acquired the Jefferson chain of seven stores with 730,000 square feet. We closed 36 old stores with 704,000 square feet of space.

At the end of 1973, Wards had a total of 50 million square feet of gross retail space, of which 25.4 million was allocated to selling areas.



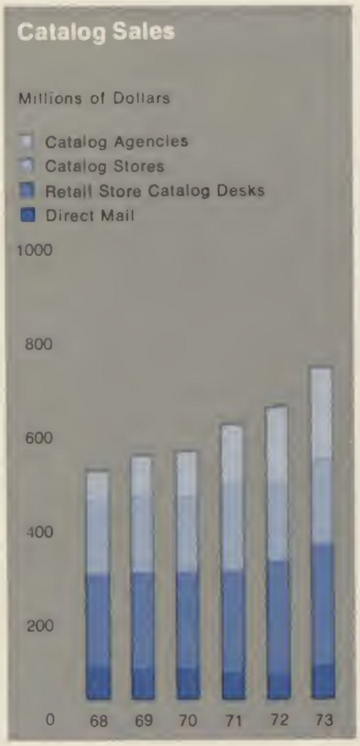
Most of the 20 new stores to be opened in 1974 will be full-line department stores located in major metropolitan areas, principally in or near regional shopping centers. These will be large stores averaging 100,000 square feet of selling area.

Ward's long-range strategy places primary emphasis on adding new stores in our 22 major metropolitan district markets. By following this strategy, we will increase market penetration and spread basic advertising and administrative costs over more units, thus increasing profits. At the present time, we have 150 stores in these 22 metropolitan districts. These stores produce 60% of retail store sales and approximately 70% of retail profits.

The Jefferson store chain, which is well known and respected in the Miami area, is making excellent progress. We are now introducing three lines of Ward merchandise into these stores and plan to make Ward credit cards available to Jefferson customers in 1974.

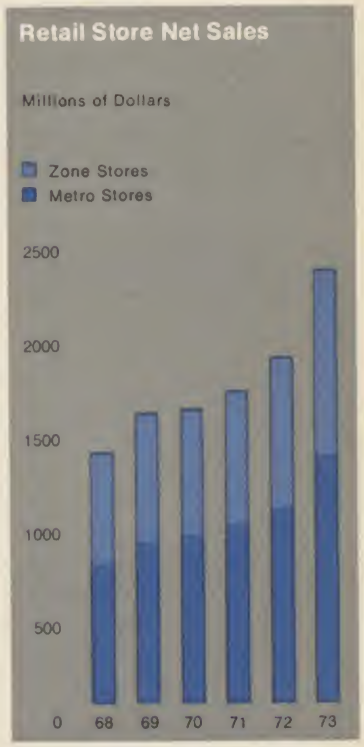
In addition to expansion of major metropolitan districts, Wards plans to build new stores in smaller markets where one Montgomery Ward store can achieve a profitable share of market. These units will be built in cities that are expected to enjoy an above-average rate of growth in the future.

Wards expansion program also provides for addition of 33 new combination catalog, paint, appliance, auto accessory and tire stores in 1974. Wards currently has 141 of these units, of which 22 were opened in 1973. These units typically are located in small markets. The catalog division also operates 419 conventional catalog stores, 449 catalog order processing desks in retail department stores and 1171 catalog sales agencies. These units together accounted for 90% of 1973 catalog sales, with the remaining 10% sold by direct mail.



Capital expenditures totaled $113 million in 1973 compared with $92 million in 1972. Capital expenditures of $101 million are planned for 1974.

Of these capital expenditures, 80% are budgeted for new stores and other sales producing facilities. The balance will be invested in administrative and sales supporting operations,

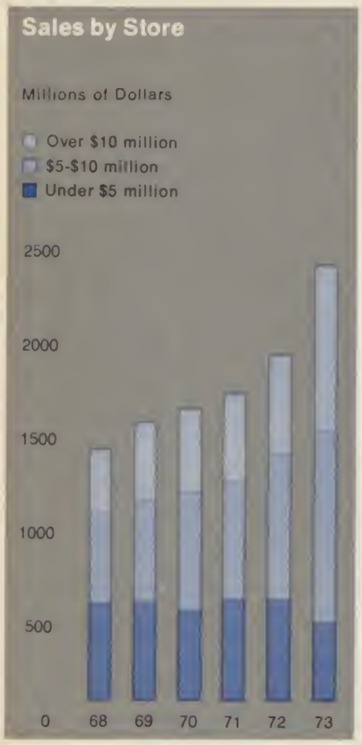


including sophisticated computer and materials handling systems. We will further expand and strengthen our distribution system to get merchandise into the hands of customers more rapidly, efficiently and economically.

We are building merchandise consolidation and distribution centers which combine less-than-carload shipments of merchandise into carloads and truckloads for shipment directly to stores, warehouses or terminals. This strategy reduces transportation expense and improves service. The largest of these terminals, opened in the Chicago area in

November 1973, is an automated terminal which can simultaneously transfer merchandise among 96 railroad cars and 211 truck trailers.

During 1973, we invested $5.2 million as part of a five-year program to install electronic cash registers in our retail stores. These registers function as terminals for a computerized inventory control and reordering system to be installed in 22 basic mechandise departments over the next five years. Sales information punched into the



cash register at the point of sale will be fed into a regional computer system, centralizing inventory control and merchandise reordering for these departments for all stores within a region, replacing present manual ordering practices in each store.

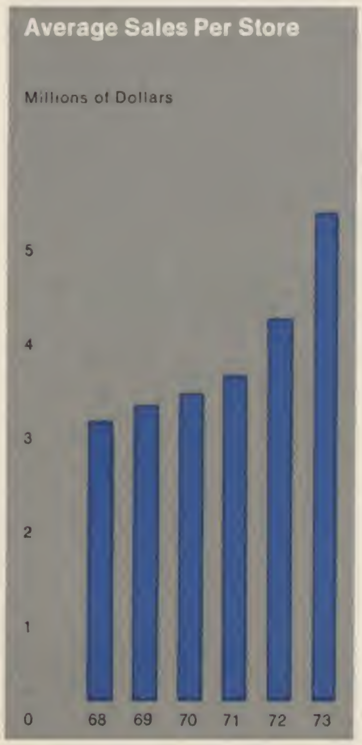
We plan to continue our concentration on development of exclusive Ward merchandise, manufactured to our own quality, performance and safety specifications.

One of Ward's techniques to increase retail productivity has been to use distinctive boutique displays, principally in apparel departments. These attractive selling areas display merchandise in an appealing manner to invite and encourage impulse buying. They create the qualities of small specialty shops within the environment of a large store. Wards is using this merchandise display concept in all new stores, as part of a program to upgrade such departments in all stores.

Wards expanded its use of television commercials in 1973, featuring outstanding promotional offerings and better merchandise values.

We expect the catalog business to continue to grow as more consumers recognize the values and convenience of shopping by catalog. We believe more customers will use their telephones to place their orders for shipment to their homes or to their nearest Ward store.

Substantial improvements in catalog sales and earnings in 1973 reflected stronger catalog



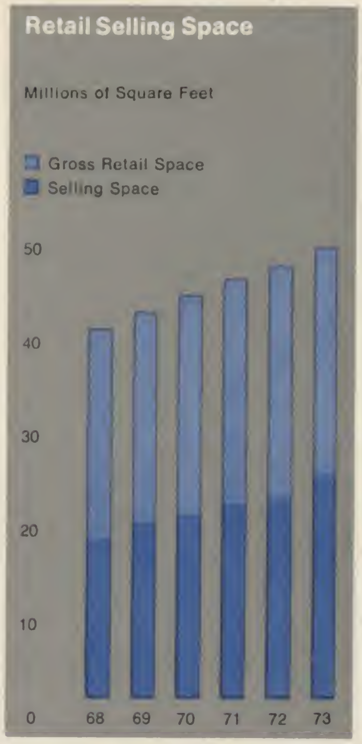
presentations featuring more color pages and more dominant item pages, as well as sales increases from our new high-volume paint, appliance, auto accessory and tire stores. The strong agricultural economy also helped increase sales of appliances and furniture to the farming community.

One of the greatest business management responsibilities and challenges of the seventies is to react quickly, credibly and responsibly to changing national priorities and to the new values and performance standards of consumers and government officials.

In 1973, our major thrust as a corporate advocate of enlightened consumerism was concentrated on improvement of understanding among the business, education and government sectors.

These purposes were served through such diverse programs as a national campaign counselling consumers how to save energy and save money; a Chicago "teach-in" experiment to develop a new dialogue and understanding among educators and business and government leaders; sponsorship of a national program to encourage excellence in consumer reporting in cooperation with the National Press Club of Washington, D. C.

A new participatory role with federal regulatory agencies and legislative leaders enabled us to assist in drafting soundly-written consumer protection

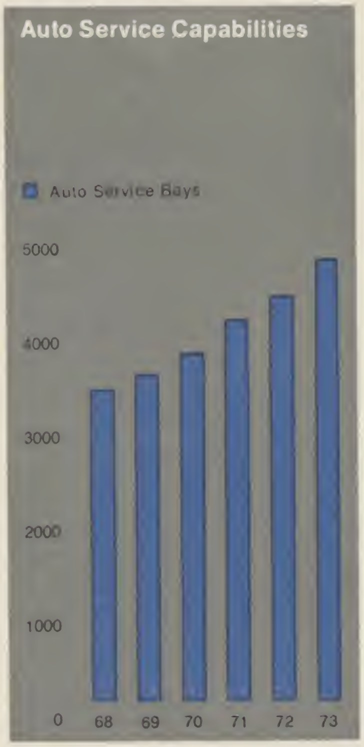


legislation. New thrusts for consumer education were developed for millions of youths through regeneration of interest in the 4-H Consumer Economics awards and scholarship programs, and in-store Distributive Education seminars and projects. Ward executives also are speaking out from public platforms about the role of Montgomery Ward and other business leaders in the improvement of living conditions—environmental as well as economic.

Our campaign to save energy and money was introduced by Wards in May, 1973. This program has substantially reduced energy consumption in company locations by eliminating much outside lighting and reducing unnecessary lights in aisles and non-selling areas.

Another factor that will contribute to profitability in 1974 will be continuation of our cost control program. An important element in this program is paperwork reduction, which saved more than $1 million in costs last year, and is expected to save more money during 1974.

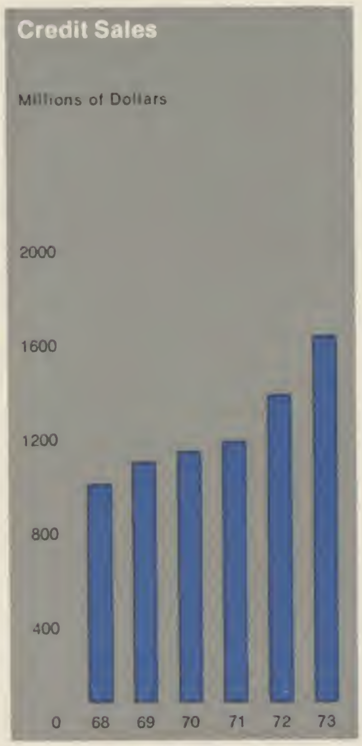
Ward's nationwide product service facilities currently employ over 2700 skilled technicians who repair and service Ward products. Rapid repair service is aided by air shipment of replacement parts from a computer-controlled automated National Parts Center in Chicago. Repair services are being expanded and strengthened, and additional central service units are being planned for major metropolitan area markets to reduce travel time and operating costs and to improve the economy, efficiency and speed of customer service.



Ward services to motorists are being expanded at combination catalog, tire, battery and accessory stores and at modern auto service centers adjacent to new stores. These service centers provide engine testing and tune-up, motor replacement, wheel alignment, brake work, and installation and service of auto air conditioners, radios and tape record players. At the end of the year, Wards had 590 service centers with a total of 4833 service bays. We plan to add 50 service centers in 1974.

In summary, Montgomery Ward strategy for 1974 includes:

- Increasing market penetration by concentrating new stores in markets where they can most rapidly contribute to profit.
- Improving productivity of existing retail stores and catalog operations, increasing sales per square foot and sales per invested dollar.
- Raising credit sales by increasing sales per credit customer and adding new credit customers.
- Continuing to concentrate on better merchandise values and on improvement of services for customers.
- Accentuating internal efficiency and exercising strict cost controls to maintain profitability should consumer buying slacken as most economists have been predicting for more than a year.



We expect real economic growth to resume in the second half of 1974 and we anticipate continuation of strong consumer buying of general Ward-type merchandise throughout the year, although at more moderate rates than in 1973. We also expect Wards to maintain its momentum through the year and beyond. Wards now has the largest sales base and the strongest organization we've ever had. Although we will be comparing results with the large sales and profit increases we achieved in 1973, we expect continued progress in 1974.

Wards has demonstrated its ability to expand, to be competitive, and to improve profitability. We have the confidence, the ability, and the organization to manage effectively in any kind of economic climate. We have great sales growth and profit potential—and we are committed to realize that potential.

E. S. Donnell

Edward S. Donnell
President and Chief
Executive Officer
Montgomery Ward

CCA

Henry G. Van der Eb
President,
Chief Executive Officer

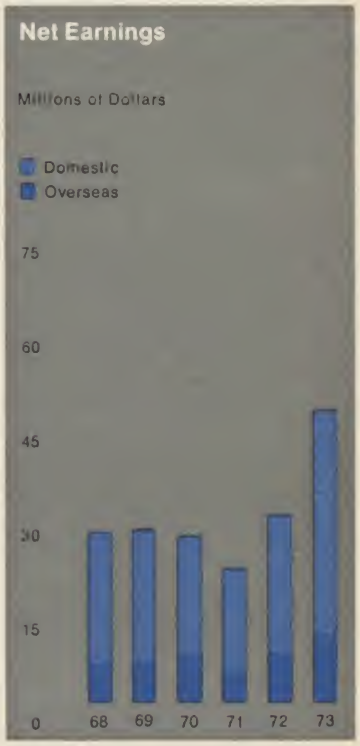
Container Corporation's sales and earnings reached record levels during 1973. Consolidated operating earnings, before provision for income taxes and parent company interest charges, increased 58.8% to $98,642,000. Earnings after taxes increased 50.2% to $50,429,000, highest in company history.

Sales of $767,477,000, a 19% improvement over 1972, established a record for the sixteenth consecutive year, and represented the highest annual sales gain ever achieved by the company. Domestic sales improved 17.3% and overseas sales showed an increase of 24.7%.

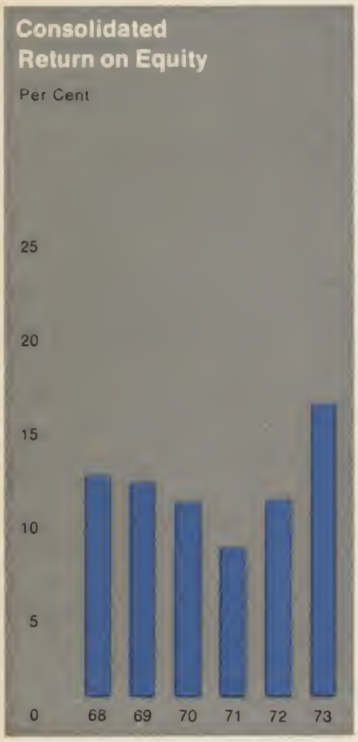
These significant improvements were attained against a backdrop of strong demand in each of our product areas. Worldwide demand for paperboard, industrial containers, and packages for consumer items continued at unprecedented levels for the second successive year, enabling the company's paperboard mills to operate at virtual capacity throughout the year.

Every division of the company participated in earnings and sales improvement. The Corrugated Shipping Container Division contributed a major share in improved domestic earnings through increased volume, improved pricing, and better product mix.

Increased production efficiencies offset, to some degree, substantially increased operating costs and the effects of two labor interruptions in the domestic company. One strike idled eighteen converting plants and mills for a two-week period, and the other resulted in the loss of six days' production at our major containerboard mill in Fernandina Beach, Florida. There were no significant interruptions to our operations because of transportation, fuel, or raw material shortages. Despite keen worldwide competition for fibre, compounded by inclement weather in the Southeast which made wood procurement especially difficult, our timber and wastepaper operations ably kept our mills supplied with raw materials.

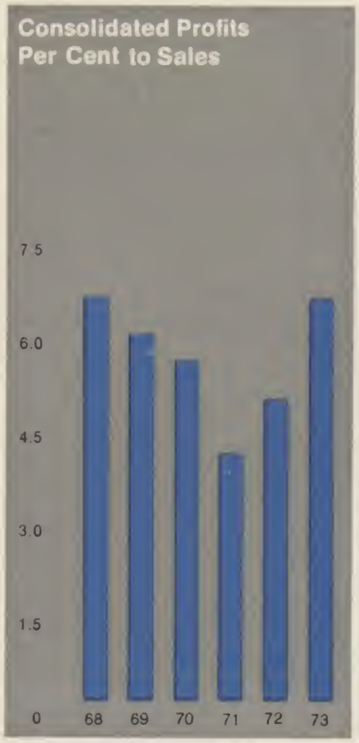


1973 capital expenditures of $75,026,000 were comprised of $55,524,000 for the domestic company and $19,502,000 overseas. Domestically, the company's capital program was focused on additional fibre resources, increased efficiencies, and expansion of existing facilities rather than on new capacity investments. This strategy took advantage of our



near optimum national coverage of facility location and represented a more economical approach to meeting increased demand for principal product lines.

During the year we opened new shipping container plants at Winston-Salem, North Carolina, replacing a smaller, obsolete facility, and in Wildwood, Florida. A new folding carton operation was established at Hazelwood, Missouri. Work was begun in 1973 on a new shipping container plant in Louisville and on an expansion of the Carol Stream, Illinois carton plant.

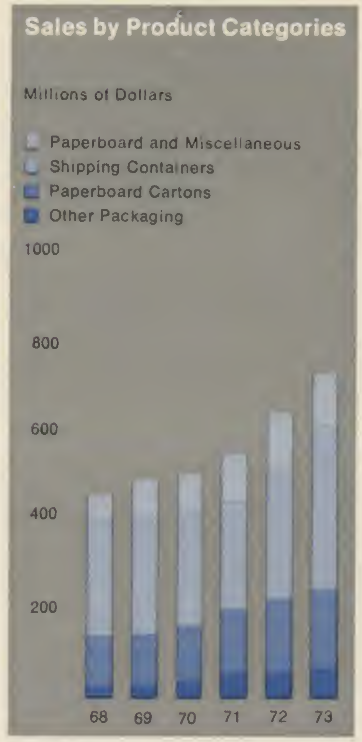


In order to guarantee future raw material supplies, approximately $27 million was expended for additional fibre resources. As a leader in paperboard packaging, Container Corporation is an integrated manufacturer of paperboard, the basic raw material we fabricate. Last year the company's domestic paperboard mills produced 1.75 million tons. The raw materials for these mills come from two basic sources—wood fibre and wastepaper, with approximately 55% from wood pulp and 45% from recycled paper fibres. A major 1973 capital expenditure was for 32,000 acres of prime woodlands in Ocala, Florida, acquired to supplement the raw material base for the Fernandina Beach mill to improve our level of self-sufficiency there.

The company strengthened its position as the nation's largest recycler of wastepaper through the addition of two paperstock operations, one in Cincinnati and one in San Diego. Our eleven paperstock processing facilities, supported by a nation-wide network of wastepaper collection centers, supply our domestic recycling mills. In order to augment the supply of wastepaper, Container participated actively in the development of industry educational campaigns to recapture a higher percentage of all grades of paperstock. In areas where the company has paperstock operations,we expanded our collection activities by working closely with community organizations to increase the collection of old newspapers. We also worked with retail outlets and industrial plants to reclaim greater volume of used corrugated containers. New processing equipment was added at all locations to handle this increased volume.

Overseas, construction began in 1973 on previously announced new mills in Colombia and Venezuela.

Work progressed on schedule during the year on the construction and installation of major pollution abatement projects to continue to meet changing federal and state compliance standards. This included secondary water treatment and intensified air pollution abatement systems targeted for 1975 completion at our two southern paperboard mills. Components of these projects incorporate the best available current technology to safeguard the environment.

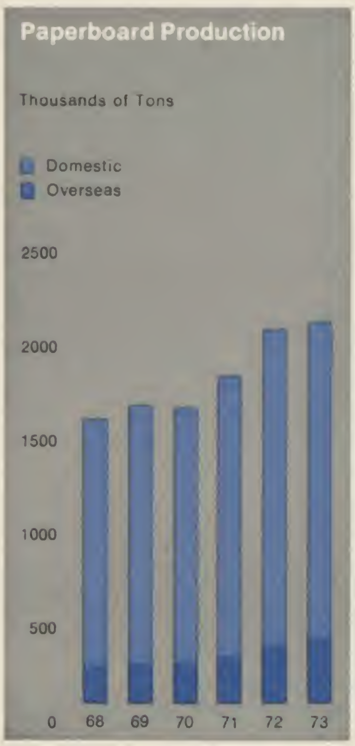


To lessen the impact of the energy shortage on operations, the company instituted a nationwide exchange program of fuel conservation techniques among our various properties, geared to reduce energy consumption and insure maximum efficiencies in energy producing facilities. Earlier we had developed supply sources for alternative fuels at key locations wherever possible. The nature of the production process at the wood-based paperboard mills enables us to utilize bark and chemical by-products to provide approximately 40% of energy requirements at those high energy consuming locations. Although Italian operations could potentially be affected by Italy's dependence on oil imports, we have not experienced any interruptions to date. All other overseas properties are relatively well supplied with oil, coal or natural gas to meet their respective energy requirements.

Container Corporation's continued emphasis on meeting total customer needs has been a major factor in the company's growth. The ability of creative and technical staffs to develop packaging attuned to customer requirements adds value to our products.

Specialists trained in market research, creative graphic and structural design, transportation, materials handling, and mechanical packaging coordinate their efforts to identify and develop more effective systems to improve the packaging, distribution and merchandising of customer products.

We continued the recruitment of talented individuals with strong management potential. The company's decentralized organization, under which its plants and mills operate as relatively independent businesses, has provided an environment conducive to individual self-development of this potential. Virtually all of Container's present senior executive group—which oversees the company's 144 operations and supporting resources with an employment of more than 22,000 men and women—progressed through this management development system. Throughout 1973, Container expanded and refined its internal training programs for management personnel and hourly employees. Further progress was made during the year in increasing opportunities for minority and female employees. We continued specific affirmative action goals for each of our properties to insure implementation of the company's policy of non-discrimination and equal opportunity employment.

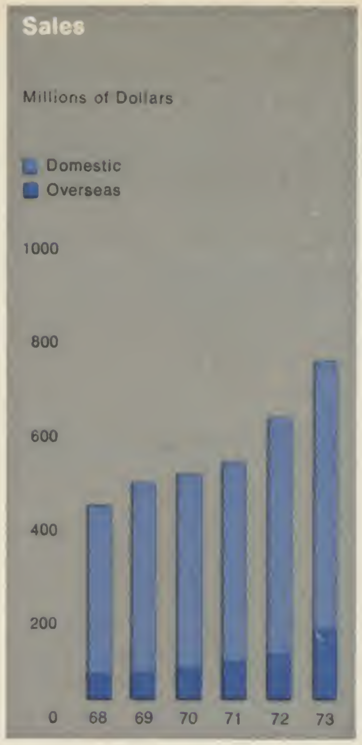


Paperboard Production

During the year we expanded and strengthened corporate programs mobilizing simultaneously the collective strengths of local management and our national organization to promote the company's interests in the area of public policy and opinion. This has brought about increased emphasis on cultural, civic and public affairs, making the company a more effective corporate citizen of the communities in which we operate.

In 1974, Container plans to authorize $93 million for new capital projects, comprised of $47 million for mills and supporting fibre sources, including outlays for increased mechanization of pulpwood harvesting; $11 million for environmental controls; and $35 million for expansion and modernization of converting plants. Major new projects include expansion of mills in Florida, Colombia, Mexico and Spain, and of shipping container facilities in Baltimore, Mexico City, and Anzio, Italy.

There are many factors which make it difficult to gauge the prospects for 1974. While we have indications of a good first quarter, the uncertainties of general economic conditions inhibit projections for the balance of the year. The impact of the energy shortage on the national economy, continued inflation and cost escalation, higher national unemployment, and worldwide materials shortages, all raise prospects of further economic dislocations.



Sales

Industry economic projections for our principal domestic businesses indicate that unit demand is expected to equal or, at best, show modest increases over 1973 levels. The recent elimination of price controls for our industry recognized the critical need for relief from the tremendous cost pressures in the areas of fuels, fibres, chemicals, and supplies, which have caused distortions in markets, particularly in the past year.

We were gratified with the improvement in consolidated return on equity in 1973, which increased to 16.6% from the low returns of the past several years. However, in the critical area of domestic paperboard mills, the rate of return is still below the level which must be reached over the longer term to warrant substantial new investments.

For the next several years, our prospects are quite encouraging. Planned industry capacity increases continue to lag behind demand projections and, as a consequence, the favorable supply-demand relationship for paperboard products is expected to continue through 1977. The removal of price controls and the return to a relatively free economy should allow us to recover increased operating costs in the marketplace. Overseas, we anticipate continued rapid growth of markets for our products and continued higher returns than in our domestic operations. This underlying strength in our markets should allow Container Corporation to sustain and improve its profit performance in future years.

H. G. Van der Eb

Henry G. Van der Eb
President and Chief
Executive Officer
Container Corporation

The year 1973 was a period of substantial growth in receivables and inventories for Marcor subsidiaries, principally Montgomery Ward, resulting in working capital financing requirements of approximately $560 million. Montgomery Ward Credit Corporation owned a total of Montgomery Ward customer deferred payment receivables at year end of $1,592 million, an increase of $362 million over the previous year. These receivables were financed with an increase in outstanding directly issued commercial paper of $245 million and $85 million of intermediate-term financing with banks, together with a $45 million equity contribution made by Montgomery Ward during the year. Montgomery Ward Credit Corporation commercial paper carries the highest credit ratings by Standard and Poor's and Moody's of A-1 and P-1, is well-backed with commercial bank lines of credit totalling $786 million, and is sold at competitive interest rates.

Short-term interest rates for commercial paper reached a peak of 10.3% in September, 1973 after beginning the year at less than 6%. Short-term rates have moderated somewhat and the current outlook is for slightly lower rates in 1974.

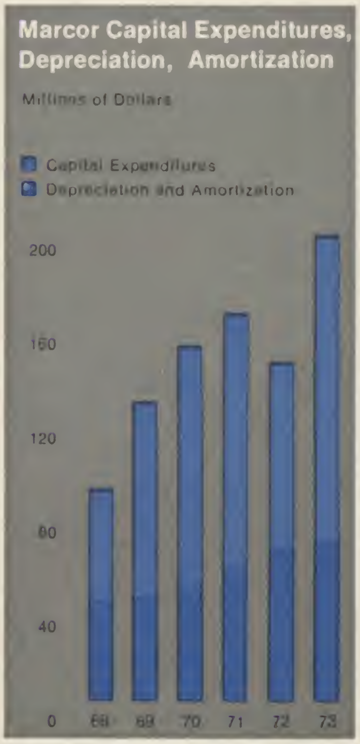
Interest expense in 1973 increased by $40 million, from $87 million to $127 million. This increase was incurred almost entirely by Montgomery Ward, with $30 million due to higher short-term interest rates and $10 million due to increased borrowings.

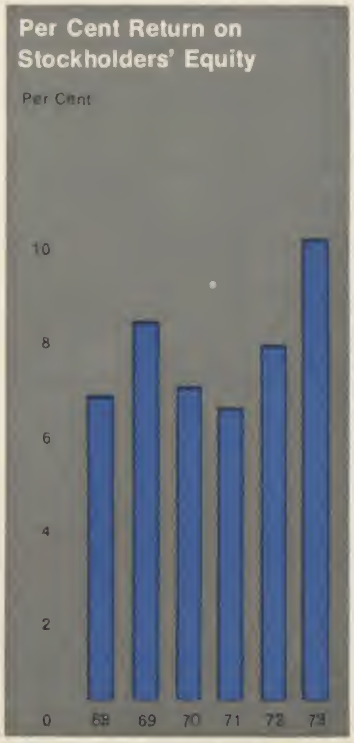
Marcor's debt ratio at the end of 1973 was 41.9% compared with 43.5% in 1972. Further reduction in this ratio in the future is desirable, but progress will be affected by the current rate of inflation which will require increased investment in current assets just to maintain the same unit volume of sales and production. Of the $759,262,000 of long-term debt outstanding of Marcor and its consolidated subsidiaries, approximately $18 million matures in 1974, $22 million in 1975 and $20 million in each year 1976-1978.

Capital expenditures totalling $202,589,000 for 1973 were principally financed internally with cash flow generated with retained earnings, depreciation and deferred taxes. Montgomery Ward also had sale-leasebacks of store properties opened or to be opened during 1972 through 1974 of $57 million. In addition, landlords invested approximately $18 million in new stores leased by Wards and opened in 1973. Container reduced its long-term debt by $16 million, with additional financing overseas more than offset by domestic net repayments.

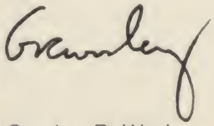
At the end of 1973, we concluded that further efforts in the housing area were not advisable and provided a $4.4 million after-tax reserve to reduce our investment in Marcor Housing Systems, Inc. to an estimated realizable level and to provide for all anticipated liquidating costs in the future. The company is in the process of an orderly liquidation of its investment in Marcor Housing.

The effect of inflation in 1973 on operating earnings for 1973 has been considered, particularly with respect to the replacement cost of Montgomery Ward inventories. Price controls under the Economic Stabilization Program have made it impossible to increase markups during 1973. At best, historical markups have been maintained on increased inventory replacement costs. Consequently it appears that 1973 operating earnings have not been materially affected by price level changes that have taken place during the year.





Pioneer Trust & Savings Bank, whose total assets of $351 million make it the 11th largest bank in Illinois, reported net earnings of $3.8 million. Montgomery Ward Life Insurance Company, with premium income of $24.1 million, reported earnings of $3.5 million, compared with $1.7 million in 1972. Significant growth has occurred in all areas of the business, including individual sales of ordinary life policies, as well as direct response sales of individual life, hospital and accident policies.



Gordon R. Worley
Vice President-Finance
Marcor Inc.

Principles of Consolidation

The consolidated financial statements include the accounts of all significant subsidiaries other than those principally engaged in financial services (Montgomery Ward Credit Corporation, Pioneer Trust & Savings Bank and Montgomery Ward Life Insurance Company). The Company's investments in subsidiaries not consolidated and in companies 20% to 50% owned are accounted for on the equity method and accordingly Marcor's share of the pretax earnings of these Companies is included in consolidated earnings before taxes on income and the provision for taxes on income is included in the consolidated provision.

Inventories

The valuation of retail store inventories is determined by the retail inventory method which prices individual items at current selling prices and reduces the amounts so determined to the lower of cost or market by applying departmental markup ratios. All other merchandising inventories are priced by individual items at the lower of cost (first-in, first-out method) or market (generally at current replacement cost). Manufacturing inventories, for the most part, are priced at the lower of average cost or market. The merchandise inventories reflect physical counts as of the respective year-end dates and other inventories are counted on a cycle basis. Due allowance is made for obsolete and shopworn merchandise.

Properties and Depreciation

Depreciation is provided on the straight-line method. Leasehold improvements are amortized over the shorter of estimated physical life or the term of the lease. Cost of timber harvested is based on units cut and the per unit cost of estimated recoverable timber. Maintenance and repairs are charged directly to earnings. Renewals and betterments of fixed assets are charged to property and equipment accounts. Upon retirement or disposition, the cost and the depreciation or amortization previously provided are removed from the accounts. Gains or losses on such retirements are included in earnings.

Deferred Federal Taxes on Income

The Company provides currently for federal taxes on income on all items included in the Statement of Earnings regardless of when such taxes are payable. For federal income tax purposes, the gross profit from instalment sales (which is included in income at time of sale for financial reporting purposes) is deferred until the receivables arising from such sales are collected and the related deferred taxes are classified as a current liability. This liability is reduced by the net future tax benefits arising from other timing differences relating to current assets and liabilities. Taxes deferred due to the use of accelerated depreciation for income tax purposes are classified as a non-current liability.

Investment Tax Credit

The reduction in federal income taxes resulting from the investment tax credit for new property and equipment is reflected in the Company's statement of earnings currently.

Pre-opening and Pre-operating Expenses

Expenditures of a non-capital nature incurred prior to the opening of a new or relocated store are amortized over a 36-month period following the store opening date. Had these costs been charged to earnings as incurred, net earnings would have been reduced by $654,000 in 1973 and increased by $379,000 in 1972. Store closing costs and unamortized investment are charged to expense at the time of closing. Pre-operating expenses of manufacturing facilities are charged to expense as incurred except in isolated instances which are not material in total. Acquisition costs of the insurance business secured by the life insurance subsidiary are deferred and amortized over the estimated life of the business secured.

Lease Obligations

As a general rule long-term leases are not capitalized unless the terms of the lease include an option to purchase at such a price that the rentals clearly represent purchase of an economic interest. Generally, leases for retail stores do not include such purchase options and are not capitalized.

Overseas Subsidiaries

The consolidated financial statements include the Company's significant overseas subsidiaries. Accounts of overseas subsidiaries are translated to U.S. dollars based on official or free rates of exchange as follows: plant and equipment accounts at historic rates; other assets and liabilities at rates in effect at the end of the year; income accounts, with exception of depreciation translated at historic rates, at the applicable current rates during the year. The Company maintains a reserve for possible reduction of asset values occasioned by currency devaluations. Translation gains and losses from currency fluctuations and devaluations are charged to the reserve when incurred with the exception of certain regularly recurring losses which are charged to earnings currently. Provisions to the reserve are charged against earnings from time to time to maintain an adequate reserve balance. No provision is made for foreign withholding or U.S. income taxes on undistributed earnings of overseas subsidiaries since the Company intends to permanently reinvest that portion not remitted as dividends.

Provision for Credit Losses and Charge Off Policy of Montgomery Ward

Provision for credit losses on Montgomery Ward's customer accounts is made to maintain adequate reserves to cover anticipated losses. Customer accounts are charged off against the reserve if no payment has been received for nine months or if notices are received of bankruptcy, fraud, death without estate or confinement to an institution.

Cost of Acquiring Subsidiary Companies in Excess of Their Book Value

Substantially all costs of acquiring subsidiary companies in excess of underlying book value of assets resulted from transactions prior to October 31, 1970 and are not amortized. Such costs resulting from transactions after that date are amortized over 40 years unless the values are assigned to specific identifiable assets, in which case the period of amortization is the remaining life of the specific asset.

Retirement Plans

The provision charged to earnings each year is sufficient to cover the retirement plan normal cost and interest on the prior service liability. The assets held by the Retirement Fund Trustees plus accruals on the Company's books are maintained at such levels as to be sufficient to cover all vested benefits.

Auditors' Report

To the Stockholders and Board of Directors of Marcor Inc.:

We have examined the balance sheet of Marcor Inc. (a Delaware Corporation) and consolidated subsidiaries as of January 31, 1974, and January 31, 1973, and the related statements of earnings, earnings reinvested and changes in financial position for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying financial statements referred to above present fairly the financial position of Marcor Inc. and consolidated subsidiaries as of January 31, 1974, and January 31, 1973, and the results of their operations and the changes in their financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

Arthur Andersen & Co.
Chicago, Illinois,
March 15, 1974.

Sales increased 21.0% compared to a 12.4% increase in 1972.

Sales	(millions) 1973	(millions) 1972	Percent Increase
Merchandising (Montgomery Ward)	(52 weeks)	(52 weeks)	
Retail stores	$2,421	$1,939	24.9
Catalog	764	657	16.3
Other	46	44	4.5
	$3,231	$2,640	22.4
Packaging (Container Corporation)	(12 months)	(12 months)	
Domestic	$ 577	$ 492	17.3
Overseas	190	153	24.7
	$ 767	$ 645	19.0
Other (principally Hydro Conduit Corp.)	$ 79	$ 84	(6.4)
Total Sales	$4,077	$3,369	21.0

Net earnings increased 33.0% to $96,652,000.

Marcor Net Earnings	(thousands) 1973	(thousands) 1972	Percent Increase
Merchandising (Montgomery Ward)	$62,051	$49,469	25.4
Packaging (Container Corporation)	50,429	33,576	50.2
Other—Hydro Conduit	1,860	2,549	(27.0)
Marcor Housing	(5,947)	(1,181)	(403.6)
Net operating earnings	$108,393	$84,413	28.4
Less—Marcor interest expense	11,741	11,741	—
Net Earnings	$ 96,652	$72,672	33.0

Marcor quarterly earnings

Unaudited Earnings By Quarter	Total Earnings (thousands)		Earnings Per Share (Fully Diluted)	
Quarter	1973	1972	1973	1972
1st	$17,599	$11,737	$ .43	$ .29
2nd	19,376	12,658	.47	.31
3rd	21,710	15,372	.52	.38
4th	37,967	32,905	.90	.79
Total Year	$96,652	$72,672	$2.32	$1.77

Earnings Per Share (fully diluted) increased 31.1% to $2.32 in 1973 from $1.77 in 1972. Primary earnings per share were $3.01 compared to $2.17 last year.

Earnings Per Share Calculation	Common and Common Equivalent Shares	Assuming Full Dilution
Average number of common shares outstanding	27,939,699	27,939,699
Common stock equivalents due to assumed exercise of options	26,749	39,345
Increase in average number of common shares assuming conversion of all convertible securities	—	14,812,920
Total Shares	27,966,448	42,791,964
Net earnings	$96,652,000	$96,652,000
Add—interest on convertible debentures less applicable taxes on income	—	2,627,000
Less—preferred dividend requirements based on average number of shares and equivalent shares outstanding during year	12,343,000	—
Net earnings used in per share calculations	$84,309,000	$99,279,000
Net Earnings Per Share	$3.01	$2.32

Overseas earnings of Container Corporation accounted for $0.31 and $0.24 per common share (fully diluted) in 1973 and 1972 respectively.

Summary of Overseas Operations	(thousands) 1973	(thousands) 1972
Net Assets	$112,806	$103,647
Represented by—		
Minority interest	$ 20,785	$ 18,538
Container's equity	92,021	85,109
Net Sales	$190,446	$152,743
Total Earnings	$ 15,995	$ 13,084
Container Corporation's Equity in Total Overseas Earnings	$ 13,131	$ 10,234

The aggregate amount of foreign exchange adjustments was not material in 1973 and 1972.

The 20 new retail stores opened by Wards during the year contributed $114,651,000 to sales.

Stores Opened and Closed	1973 No. of Stores	1973 Square Feet of Selling Space	1972 No. of Stores	1972 Square Feet of Selling Space
New stores opened	20	1,790,000	18	1,380,000
Old stores closed	36	704,000	25	535,000

Ward's retail sales per square foot of selling space have increased in the stores built since the rebuilding program started in 1958. Jefferson Stores footage and sales per square foot, based on sales since acquisition, are included in this table.

Square feet of Selling Area (thousands)	1973	1972	1971
New Stores (substantially all opened since 1958)—			
Open less than three years	5,016	4,552	4,391
Open three years or more	17,562	15,459	14,188
Old Stores (substantially all opened prior to 1938)	2,784	3,354	3,872
Total square feet	25,362	23,365	22,451
Sales per Selling Square Foot			
New Stores—			
Open less than three years*	$ 82	$ 67	$ 61
Open three years or more	117	107	102
Old Stores	76	68	66
All Stores	$106	$ 94	$ 87

*Calculation based on total selling square footage, even though only partial year's sales are included in year of opening.

Included in sales per square foot are catalog orders processed through Company retail stores which are classified as catalog sales in the six-year graphs and the two-year table of Montgomery Ward sales on pages 5, 6 and 16 in the amount of $279 million in 1973, $252 million in 1972 and $240 million in 1971.

Common Stock

Common stock is $1.00 par value and 70,000,000 shares are authorized. At January 31, 1974 and 1973, shares issued were 28,589,972 and 28,187,904, respectively, of which 150,854 and 539,756 shares, respectively were in the treasury.

Series A Convertible Preferred Stock

Each share of Series A preferred stock ($2.00 per share cumulative dividends) is convertible into two shares of common stock at any time and is callable after May 1, 1974 at $45.00 per share liquidating value. The aggregate liquidating value was $272,681,000 at January 31, 1974 and $277,809,000 at January 31, 1973. Preferred stock is $1.00 par value, issuable in series and 30,000,000 shares are authorized. At January 31, 1974 and 1973, 6,059,573 and 6,173,543 shares, respectively, were issued and outstanding.

Common Stock and Treasury Stock transactions during 1973

Summary of Common Stock Transactions	Shares	Amount
Balance January 31, 1973	28,187,904	$242,022,000
Options exercised	78,368	1,416,000
Preferred shares converted to common shares	323,700	1,291,000
Balance January 31, 1974	28,589,972	$244,729,000

Summary of Treasury Common Stock Transactions	Shares	Amount
Balance January 31, 1973	539,756	$ 13,007,000
Purchases for stock option plans	26,000	566,000
Used for acquisitions	(414,832)	(9,384,000)
Used for options exercised	(70)	(2,000)
Balance January 31, 1974	150,854	$ 4,187,000

A total of 16,000,058 shares of common stock was reserved as of January 31, 1974 for conversion of outstanding preferred stock and convertible debentures and for the stock option plan.

Stock Option activity for the year

Summary of Stock Option Transactions	Common	Preferred
Options outstanding at beginning of year	829,320	50,920
Options granted during year	211,263	—
Options exercised during year	(78,438)	(47,880)
Options cancelled and expired during year	(242,875)	(3,040)
Options outstanding at end of year	719,270	—
Average option price of outstanding options	$25.54	—
Average option price of options exercised during year	$18.08	$34.38
Options exercisable at January 31, 1974	345,242	—

Dividends

Dividends on common stock were raised to an annual rate of 90¢ per share and totaled $24,442,000 during 1973. Preferred stock dividends, $2.00 per share, were $12,357,000 in 1973. Dividend payments represented 38% of Marcor net earnings.

Capital expenditures totaled $203 million in 1973 compared with $151 million expended in 1972.

Montgomery Ward expenditures were primarily for continued expansion of the retail store program along with supporting facilities including expenditures for Jefferson Stores. Container Corporation expenditures were primarily for additional fibre resources, mill construction overseas and projects designed to increase efficiency and capacity of existing domestic facilities. Capital expenditures (including expenditures for properties sold and leased back) for the last five years and the estimate for 1974 follow:

	Montgomery Ward	Container Corporation	Other Subsidiaries	Marcor Consolidated
		(thousands)		
1974 Estimate (unaudited)	$101,000	$95,000	$ 2,500	$198,500
1973	113,079	75,026	14,484	202,589
1972	92,400	40,595	17,600	150,595
1971	97,770	64,139	11,477	173,386
1970	72,998	79,844	6,929	159,771
1969	55,060	73,529	7,739	136,328

Provision for taxes on income

Reconciliation of Effective Rates to Statutory Federal (48%) Rate	1973 Amount (thousands)	1973 Effective Rate (%)	1972 Amount (thousands)	1972 Effective Rate (%)
At statutory (48%) rate	$86,416	48.0	$63,385	48.0
Investment tax credit	(5,079)	(2.8)	(4,741)	(3.6)
Lower rates on foreign operations	(850)	(.5)	(931)	(.7)
State taxes on income less applicable federal taxes	3,086	1.7	2,256	1.7
All other—net	(191)	(.1)	(589)	(.4)
Provision for Taxes on Income	$83,382	46.3	$59,380	45.0

Current and Deferred Taxes	1973 (thousands)	1972 (thousands)
Federal taxes on income:		
Currently payable	$ 5,652	$ 3,263
Deferred:		
Due to use of installment method of accounting for tax purposes	54,310	40,601
Due to use of accelerated depreciation for tax purposes	7,574	10,767
Net future tax benefits arising from other timing differences relating to current assets and current liabilities	(4,739)	(9,838)
Overseas taxes on income (principally current)	14,649	10,247
State income taxes (principally current)	5,936	4,340
Total	$83,382	$59,380

Internal Revenue Service examination

The Internal Revenue Service has proposed adjustments to the consolidated Federal income tax returns of Marcor Inc. for the years 1968, 1969 and 1970 relating principally to the method of computing the amount of gross profit which may be deferred under the installment method for tax purposes. The assessment proposed is $31,000,000 and any additional tax will be charged against the existing reserve for deferred taxes of $295,000,000 relating to installment receivables. The effect on earnings would be minimal since the tax has previously been provided. The Company is contesting the proposed adjustments, and in the Company's opinion, the ultimate assessment will be materially less than proposed.

U.S. Taxes on undistributed overseas earnings

U.S. income taxes are provided on dividends received from overseas subsidiaries. During the past three years, dividends have averaged 60% of the earnings of those subsidiaries. As of January 31, 1974, the undistributed earnings of overseas subsidiaries were $59,530,000 for which no provision for foreign withholding or U.S. income tax has been made as this amount has been reinvested in properties, equipment and working capital.

Ward's credit accounts and average balances

During 1973 the number of active accounts increased 7.4% to 5.8 million. Active accounts are those with a balance. The average balance of all credit accounts was $272 at the end of 1973 and $226 at the end of 1972. All credit accounts had an average maximum maturity of 20 months in 1973 and monthly collections averaged 9.4% per month of the outstanding customer accounts receivable.

Ward's delinquency and credit loss experience

At the end of 1973, accounts on which one full monthly payment had not been received during a period from two to eight months totaled 4.2% of the total outstanding balances for all accounts. This compares with delinquency of 4.1% at the end of 1972. Net charge offs (as defined on page 15 in Major Accounting Policies) were $22 million both in 1973 and in 1972, and were 1.7% of the average receivable balance in 1973 compared with 2.0% in 1972.

Financing Ward's credit sales

To finance credit sales Montgomery Ward sells customer accounts to Montgomery Ward Credit Corporation without recourse. The Credit Corporation periodically charges an agreed discount on the unpaid balances of these accounts. The discount rate, which may be changed from time to time by mutual agreement, is currently designed to produce earnings of 1½ times fixed charges on the Credit Corporation's debt. At the time of purchase, the Credit Corporation withholds 5% of the amount remaining to be paid by customers to cover credit losses.

Accounts receivable increased $455 million to $1.9 billion. This amount includes accounts held by the Credit Corporation.

Accounts Receivable in Consolidated Balance Sheet	(thousands) January 31, 1974	(thousands) January 31, 1973
Customer credit receivables	$1,596,213	$1,231,844
Other	335,654	235,664
Total	$1,931,867	$1,467,508
Less:		
Reserves for uncollectible accounts and unearned service charges	(49,561)	(39,821)
Accounts sold to credit subsidiary (less contract withholding account)	(1,512,729)	(1,158,031)
Receivables, less reserves	$ 369,577	$ 269,656

Customer credit operations of Montgomery Ward reported a return of .4 of 1% on average outstanding customer accounts receivable balances.

Customer Credit Operating Results	(thousands) 1973	(thousands) 1972
Service charges	$213,830	$170,672
Expenses:		
Payroll	$ 42,233	$ 39,859
Provision for uncollectible accounts	32,118	27,846
All other credit and collection expenses	45,827	44,620
Interest, computed as stated below	82,899	48,097
Federal taxes on income	5,161	4,920
Total Expenses	$208,238	$165,342
Excess of service charges over expenses	$ 5,592	$ 5,330

Allocation of interest to the customer credit operation was made using (a) the average rate of interest incurred during each year (7.47% in 1973 and 5.41% in 1972) and (b) the average total customer accounts receivable less deferred federal income taxes applicable to installment receivables. Service charges are credited against operating expenses in the statement of earnings.

Montgomery Ward Credit Corporation's earnings were $24.8 million compared to $12.9 million in 1972.

Gross Income (consisting principally of discount on receivables purchased from Wards) of the Credit Corporation in 1973 was $142.3 million compared to $73.8 million in 1972. Interest expense was $93.5 million compared to $48.3 million in 1972. The pre-tax earnings of the Credit Corporation are included in the consolidated statement of earnings as a reduction of interest expense and the provision for taxes on income is included in the consolidated provision. A separate annual report of the Credit Corporation is available upon request.

Montgomery Ward Credit Corporation Condensed Balance Sheet

Condensed Balance Sheet	(millions) January 30, 1974	(millions) January 31, 1973
Assets		
Cash	$ 15.0	$ 12.0
Customers' deferred payment accounts purchased without recourse from Montgomery Ward	1,592.3	1,229.9
Notes receivable from Montgomery Ward	14.4	—
Other assets	3.5	3.0
Total Assets	$1,625.2	$1,244.9
Liabilities		
Commercial paper	$ 816.4	$ 571.1
Note payable to Montgomery Ward	—	41.0
Contract withholding account applicable to customers' deferred payment accounts	79.6	71.9
Accrued taxes and expenses	22.8	9.4
Long-term debt	444.9	359.9
Equity of Montgomery Ward	261.5	191.6
Total Liabilities and Equity	$1,625.2	$1,244.9

Short-term debt Credit Corporation

Short-term borrowings of the Credit Corporation consist principally of commercial paper having original maturities which range from 5 to 270 days, and a weighted average remaining term at January 30, 1974 of approximately 18 days. The following is a summary of certain data relating to such borrowings:

	(millions) 1973	(millions) 1972
Average aggregate short-term daily borrowings	$730	$535
Maximum aggregate short-term borrowings outstanding at any fiscal month end during the period	$873	$604
Weighted average interest rate of short-term borrowings without giving effect to compensating balances:		
Of total borrowings during the year	8.47%	4.52%
Of total indebtedness outstanding at year-end	9.03%	5.61%

Long-term debt— Credit Corporation

Neither Montgomery Ward nor Marcor guarantees the obligations of the Credit Corporation.

Long-term debt of the Credit Corporation is as follows:

	(millions) January 30, 1974
Term notes—7⅛% due 1979-1980	$ 40.0
Term notes—variable rate, related to prime, 10¼% to 11.2% at January 30, 1974, due 1976-1980	85.0
Debentures—4¾% to 9¼% due 1980-1990	319.9
Total	$444.9

Long-term debt, excluding that of the Credit Corporation

Long-Term Debt Summary	(thousands) January 31, 1974	(thousands) January 31, 1973
Marcor Inc.—		
6½% Subordinated Instalment Debentures due 1988	$269,302	$269,302
5% Convertible Subordinated Debentures due 1996	100,000	100,000
Container Corporation of America and Subsidiaries—		
Sinking Fund Debentures due from 1980 to 1993 bearing interest from 3.30% to 6⅝%	57,866	61,592
Lease obligations, average interest rate of 5¾%	63,576	65,026
Other	21,278	25,057
Montgomery Ward & Co., Incorporated—		
Sinking Fund Debentures due from 1982 to 1990 bearing interest from 4⅞% to 6%	137,609	138,685
Other	6,037	4,029
Montgomery Ward Real Estate Subsidiaries—		
Secured Notes due serially to 2002 bearing interest from 4¾% to 8½%	61,000	62,496
Other Subsidiaries—		
Various Notes and Debentures maturing over the next 25 years	24,460	9,849
Total long-term debt	$741,128	$736,036

Long-term debt payment requirements, excluding $18,134,000 due in 1974, are as follows:		(thousands)
	1975	$ 21,833
	1976	20,489
	1977	20,692
	1978	20,275
	1979-1983	99,432
	1984-1988	356,256
	1989-1993	89,562
	1994-1998	106,959
	After 1998	5,630
Total long-term debt		$741,128

At January 31, 1974 properties with a net book value of approximately $126 million represented collateral for certain of the long-term debt of Marcor's subsidiaries.

Compensating balances

As of January 31, 1974 Marcor Inc. and subsidiaries had $803,000,000 of unused lines of credit for short-term financing. Substantially all of the unused lines of credit support the outstanding commercial paper of Montgomery Ward Credit Corporation and may be used by either the Credit Corporation or Montgomery Ward & Co., Incorporated. The Company has a consistent practice of annually requesting and accepting renewals of these credit lines. Under informal arrangements Marcor Inc. and its subsidiaries maintain compensating balances with participating banks which average approximately 10% of the unused lines of credit. Should these lines of credit be utilized, the compensating balance may in certain instances be increased by 10% of such borrowings. The compensating balances are based on the average monthly collected balances per the banks' records and are legally subject to withdrawal.

Interest expense was $127.5 million in 1973 compared to $87 million in 1972.

Interest Expense	(thousands) 1973	(thousands) 1972
Interest on long-term debt	$ 43,884	$ 43,526
Discount on customer receivables sold, principally to Montgomery Ward Credit Corporation	130,415	71,595
Interest on advances from Credit Corporation	10,294	2,961
	$184,593	$118,082
Less:		
Income before income taxes of Montgomery Ward Credit Corporation	(47,776)	(24,782)
Capitalized interest on construction in progress	(2,013)	(2,332)
Miscellaneous interest income, net	(7,289)	(3,928)
Total interest cost	$127,515	$ 87,040

Indenture Provisions

Under the indentures covering the long-term indebtedness of the Company, none of its Earnings Reinvested is restricted as to the payment of dividends. The indentures covering the long-term indebtedness of the Company's consolidated subsidiaries contain provisions which restrict the amount of dividends these subsidiaries may pay to the Company. Under the most restrictive of these provisions, $200,046,000 of Earnings Reinvested of these subsidiaries was available at January 31, 1974 for payment of dividends.

Lease Obligations

Lease obligations, principally real estate leases, of Marcor subsidiaries generally provide for the payment of minimum rentals and, in certain instances, additional amounts such as real estate taxes and additional rentals based upon percentage of sales. Certain of these leases are considered to be non-capitalized financing leases as defined by the Securities and Exchange Commission.

Minimum rental obligations for the non-cancelable periods under all leases having original terms of more than one year, when discounted to present values, were $401 million and $317 million at January 31, 1974 and 1973 respectively.

The present value, when discounted, of the minimum future rental payments under non-capitalized financing leases over the estimated useful life of the property which includes the non-cancelable period, and in most cases some of the option periods, was $351 million at January 31, 1974 and $255 million at January 31, 1973.

Estimated lessor obligations for property taxes and other expenses relating to the maintenance of leased properties have been excluded from the minimum rentals in determining the present value of lease obligations.

The weighted average interest rate used in the computation of the present value of rental payments under non-capitalized financing leases was 6.6% in 1973 and 6.3% in 1972. Individual interest rates in these weighted rates range from 4.7% to 9.0% in both years.

The effect on net earnings if non-capitalized financing leases had been capitalized would have been a reduction of net earnings of approximately $1,000,000 in 1973 and an increase of $200,000 in 1972.

Minimum rentals under all non-cancelable leases in effect at January 31, 1974 which had an initial term of more than one year are as follows: (thousands)

	Non-Capitalized Financing Leases	Other Leases	Total
1974	$ 47,747	$ 19,961	$ 67,708
1975	49,505	14,019	63,524
1976	47,904	10,610	58,514
1977	46,329	10,537	56,866
1978	46,159	8,626	54,785
1979-1983	220,072	29,386	249,458
1984-1988	208,301	10,139	218,440
1989-1993	174,462	4,856	179,318
After 1993	201,203	4,617	205,820
	$1,041,682	$112,751	$1,154,433

The rental expense for the years 1973 and 1972 follows:

	(thousands) 1973	(thousands) 1972
Non-capitalized financing leases:		
Minimum rental expense	$44,380	$33,688
Additional rentals based on sales	4,137	2,248
Other leases	38,397	34,539
Total rental expense	$86,914	$70,475

Litigation and other proceedings

A number of pending lawsuits against Montgomery Ward and against other retailers, some of which purport to be brought as class actions, attack under federal and state laws the legality of certain credit and billing practices. The relief requested in these lawsuits includes: refunds of finance charges and certain taxes collected during periods dating back to 1964; statutory penalties under state laws and the federal Truth-in-Lending Act; injunctive relief requiring changes in the challenged practices; relief preventing the collection of outstanding balances; punitive damages; and costs, including reasonable attorneys' fees. The ultimate liability to the Company under the lawsuits against Montgomery Ward is not presently determinable, but such suits could, over a period of time, involve millions of dollars if they should be decided adversely. However, the management of the Company does not anticipate that the ultimate disposition of these lawsuits will have a material adverse effect on the business or the financial position of the Company.

A federal grand jury investigation of the folding carton industry is presently under way in the United States District Court in Chicago, Illinois. The investigation relates to compliance with the anti-trust laws in the pricing of folding cartons. Subpoenas have been issued to a number of companies in that industry. In January and February, 1974, Container Corporation of America produced the documents requested of it under one of the subpoenas. As of March 15, 1974, no testimony by any employee of Container Corporation of America has been requested.

Retirement Plans

Retirement plans of a contributory nature cover a majority of all regular full-time employees of Marcor and its subsidiaries. The total cost provided applicable to these plans, including interest on unfunded prior service, was $15,497,000 for 1973 and $11,925,000 for 1972. The retirement plan accruals, together with assets held by retirement fund trustees, were sufficient to cover all vested benefits. The subsidiaries fund the retirement plans on a discretionary basis.

Investments and Other Assets

Summary of Investments and Other Assets	(thousands) January 31, 1974	(thousands) January 31, 1973
Unconsolidated subsidiaries and affiliates:		
Montgomery Ward Credit Corporation	$261,468	$191,624
Pioneer Trust & Savings Bank	29,027	25,905
Montgomery Ward Life Insurance Company	12,599	9,097
T. R. Miller Mill Co. (49% interest)	18,407	17,972
Other (including 20% to 50% owned companies)	3,949	1,832
Total	$325,450	$246,430
Other assets	17,164	28,697
Total investments and other assets	$342,614	$275,127

The excess of cost of these investments over underlying book value at dates of acquisition was $7,557,000 at January 31, 1974 and 1973.

Pioneer Trust & Savings Bank

Pioneer earnings are included in the consolidated earnings and accounted for $3,841,000 in 1973 and $3,150,000 in 1972. The Company has agreed to divest itself of the Bank within ten years from January 1, 1971 in order to comply with the Bank Holding Company Act unless an exemption can be obtained. Pioneer is a Ward subsidiary.

The Montgomery Ward Life Insurance Company

Ward Life's premium income for 1973 increased to $24.1 million from $17.2 million in 1972. The contribution to Wards and Marcor consolidated earnings was $3,502,000 in 1973 and $1,691,000 in 1972.

Other Ward's Subsidiaries (Consolidated)

Net earnings of Marcor and Wards includes $3,047,000 in 1973 and $2,491,000 in 1972 principally from Wards educational and restaurant subsidiaries.

T. R. Miller Mill Co.

T. R. Miller Mill Co. contributed $650,000 in 1973 to Container Corporation and Marcor earnings as compared to $294,000 for 1972.

Hydro Conduit Corporation

Hydro, a consolidated Marcor subsidiary, earned $1,860,000 in 1973 compared to $2,549,000 in 1972.

Marcor Housing Systems, Inc.

Marcor Housing, a consolidated Marcor subsidiary incurred a net loss of $5,947,000 in 1973. This loss includes a provision of $4,400,000 net of income taxes to reduce the assets to estimated realizable values. Marcor is presently in process of liquidating its investment in Marcor Housing.

Acquisitions

In 1973, the Company acquired Jefferson Stores, Inc., a seven store general merchandise chain in Miami, Florida in exchange for 350,909 shares of treasury common stock. During 1973 Jefferson contributed $47.5 million to sales and $774,000 to net earnings. Subsidiaries of Marcor acquired three other companies. The total cost of the 1973 acquisitions was $13,760,000 and these acquisitions, which were accounted for as purchases, did not have a significant effect on sales or earnings of the Company.

Statement of Earnings

Fiscal Years Ended January 31,	1974	1973
Net Sales	$4,077,415,000	$3,369,321,000
Costs and Expenses:		
Cost of goods sold	$2,951,573,000	$2,429,408,000
Operating, selling, administrative and research expenses	818,293,000	720,821,000
Interest expense	127,515,000	87,040,000
Total Costs and Expenses	$3,897,381,000	$3,237,269,000
Earnings before Taxes on Income	$ 180,034,000	$ 132,052,000
Provision for Taxes on Income	83,382,000	59,380,000
Net Earnings	$ 96,652,000	$ 72,672,000
Net Earnings Per Common Share and Common Equivalent Share	$3.01	$2.17
Net Earnings Per Common Share Assuming Full Dilution	$2.32	$1.77

Statement of Earnings Reinvested

Fiscal Years Ended January 31,	1974	1973
Balance at Beginning of Year as Previously Reported	$ 680,222,000	$ 641,399,000
Earnings reinvested of companies acquired through pooling of interest	—	1,147,000
Balance at Beginning of Year as Restated	$ 680,222,000	$ 642,546,000
Net Earnings	96,652,000	72,672,000
Total	$ 776,874,000	$ 715,218,000
Cash Dividends:		
Preferred stock ($2.00 per share)	$ 12,357,000	$ 12,334,000
Common stock ($.87½ per share in 1973 and $.80 per share in 1972)	24,442,000	22,036,000
Total Dividends	$ 36,799,000	$ 34,370,000
Excess of Cost Over Stated Value of Treasury Common Shares Retired	—	626,000
Total	$ 36,799,000	$ 34,996,000
Balance at End of Year	$ 740,075,000	$ 680,222,000

The Statement of Major Accounting Policies and the Financial Information on pages 14 through 24, 28 and 29 are an integral part of these statements.

	Fiscal Years Ended January 31,	1974	1973
Source of Funds:	Net earnings	$ 96,652,000	$ 72,672,000
Operations	Depreciation, amortization and cost of timber harvested	75,911,000	71,462,000
	Deferred federal taxes on income	49,056,000	35,632,000
	Earnings of unconsolidated subsidiaries and affiliates net of dividends received	(31,544,000)	(15,989,000)
	Total provided from operations	$190,075,000	$163,777,000
Other	Proceeds from stock options exercised	3,062,000	5,311,000
	Long-term financing	35,934,000	27,659,000
	Sale of property (principally sale-leasebacks)	64,625,000	85,669,000
	Increase (decrease) in notes payable to affiliates	14,908,000	(7,000,000)
	Increase in short-term loans and current portion of long-term debt	16,000,000	2,961,000
	Increase in accounts payable and accrued expenses	160,868,000	72,293,000
	Increase in taxes on income currently payable	4,630,000	410,000
	Decrease (increase) in treasury common stock	8,820,000	(8,171,000)
	Other, net	7,528,000	3,917,000
	Total sources of funds	$506,450,000	$346,826,000
Disposition of Funds	Property additions and improvements	$202,589,000	$150,595,000
	Reduction of long-term debt	30,842,000	18,187,000
	Cash dividends	36,799,000	34,370,000
	Increase in inventories	140,996,000	79,211,000
	Increase in receivables	58,921,000	43,805,000
	Increase (decrease) in prepaid expense	1,660,000	(12,176,000)
	Increase in investments and other assets	35,943,000	42,688,000
	Total disposition of funds	$507,750,000	$356,680,000
Decrease in cash and marketable securities		$ 1,300,000	$ 9,854,000

The Statement of Major Accounting Policies and the Financial Information on pages 14 through 24, 28 and 29 are an integral part of these statements

Assets		January 31, 1974	January 31, 1973
Current Assets	Cash	$ 40,050,000	$ 35,069,000
	Marketable securities, at cost which approximates market	19,972,000	26,253,000
	Receivables, less reserves	369,577,000	269,656,000
	Note receivable from Montgomery Ward Credit Corporation	—	41,000,000
	Inventories, at the lower of cost or market	850,111,000	709,115,000
	Prepaid expenses	60,323,000	58,663,000
	Total Current Assets	$1,340,033,000	$1,139,756,000
Other Assets	Investments and other assets	$ 342,614,000	$ 275,127,000
Properties and Equipment, at cost	Land	$ 85,671,000	$ 84,472,000
	Timberlands, less cost of timber harvested	76,957,000	53,661,000
	Buildings	442,827,000	453,732,000
	Leasehold improvements	83,394,000	65,148,000
	Machinery, fixtures and equipment	895,792,000	821,026,000
		$1,584,641,000	$1,478,039,000
	Less—Accumulated depreciation and amortization	600,349,000	547,395,000
	Properties and Equipment, net	$ 984,292,000	$ 930,644,000
Financing Costs	Unamortized financing costs	$ 4,410,000	$ 4,764,000
Acquisition Cost in Excess of Book Value	Excess of cost of acquired subsidiaries over underlying book value at dates of acquisition	$ 176,136,000	$ 172,658,000
	Total Assets	$2,847,485,000	$2,522,949,000

Liabilities			
Current Liabilities	Short-term loans and current portion of long-term debt	$ 42,465,000	$ 26,465,000
	Notes payable to affiliates	14,908,000	—
	Accounts payable and accrued expenses	684,431,000	523,563,000
	Federal taxes on income—Currently payable	8,681,000	4,051,000
	—Deferred (primarily relating to installment receivables)	227,890,000	181,258,000
	Total Current Liabilities	$ 978,375,000	$ 735,337,000
Deferred Federal Taxes	Deferred taxes on income (relating to accelerated depreciation)	$ 78,248,000	$ 75,824,000
Long-term Debt, less amounts due within one year	Senior indebtedness	$ 371,176,000	$ 365,954,000
	Subordinated indebtedness	269,952,000	270,082,000
	Convertible subordinated indebtedness	100,000,000	100,000,000
	Total Long-term Debt	$ 741,128,000	$ 736,036,000
Minority Interest	Minority interest in subsidiaries	$ 20,785,000	$ 18,538,000
Stockholders' Equity	Preferred stock at stated value	$ 48,332,000	$ 47,977,000
	Common stock at stated value	244,729,000	242,022,000
	Earnings reinvested	740,075,000	680,222,000
		$1,033,136,000	$ 970,221,000
	Less—Treasury common stock, at cost	4,187,000	13,007,000
	Total Stockholders' Equity	$1,028,949,000	$ 957,214,000
	Total Liabilities and Stockholders' Equity	$2,847,485,000	$2,522,949,000

Statement of Earnings

Montgomery Ward & Co., Incorporated and Consolidated Subsidiaries	52-Week Period Ended January 30, 1974	January 31, 1973
Net Sales	$3,230,895,000	$2,640,122,000
Costs and Expenses:		
Costs of products and merchandise sold	$2,286,513,000	$1,843,509,000
Operating, selling, administrative and research expenses	739,463,000	654,412,000
Interest expense	92,665,000	51,984,000
Total costs and expenses	$3,118,641,000	$2,549,905,000
Operating Earnings before Taxes on Income	$ 112,254,000	$ 90,217,000
Provision for Taxes on Income	50,203,000	40,748,000
Net Earnings before Parent Company Interest Charges	$ 62,051,000	$ 49,469,000
Interest Expenses Allocated from Parent Company, less applicable taxes on income	7,184,000	7,184,000
Net Earnings	$ 54,867,000	$ 42,285,000
Note: Depreciation and amortization included in costs and expenses	$ 34,456,000	$ 32,298,000

Statement of Earnings

Container Corporation of America and Consolidated Subsidiaries	Fiscal Year Ended January 31, 1974	January 31, 1973
Net Sales	$ 767,477,000	$ 644,733,000
Costs and Expenses:		
Costs of products and merchandise sold	$ 597,616,000	$ 515,498,000
Operating, selling, administrative and research expenses	60,893,000	56,456,000
Interest expense	10,326,000	10,671,000
Total costs and expenses	$ 668,835,000	$ 582,625,000
Operating Earnings before Taxes on Income	$ 98,642,000	$ 62,108,000
Provision for Taxes on Income	48,213,000	28,532,000
Net Earnings before Parent Company Interest Charges	$ 50,429,000	$ 33,576,000
Interest Expenses Allocated from Parent Company, less applicable taxes on income	4,557,000	4,557,000
Net Earnings	$ 45,872,000	$ 29,019,000
Note: Depreciation, amortization and cost of timber harvested included in costs and expenses	$ 36,944,000	$ 35,113,000

Balance Sheets

Assets	Montgomery Ward & Co., Incorporated and Consolidated Subsidiaries January 30, 1974	January 31, 1973	Container Corporation of America and Consolidated Subsidiaries January 31, 1974	January 31, 1973
Current Assets:				
Cash	$ 34,771,000	$ 31,247,000	$ 5,736,000	$ 2,792,000
Marketable securities	6,147,000	12,691,000	13,777,000	13,515,000
Receivables, net	251,632,000	174,258,000	104,482,000	82,100,000
Receivables from affiliates	15,736,000	45,500,000	3,860,000	—
Inventories	753,354,000	627,347,000	87,145,000	72,584,000
Prepaid expenses	44,553,000	41,882,000	16,801,000	15,640,000
Total Current Assets	$1,106,193,000	$ 932,925,000	$231,801,000	$186,631,000
Investments and Other Assets	327,520,000	298,862,000	28,000,000	26,045,000
Properties and Equipment, net	479,681,000	460,038,000	433,243,000	416,612,000
Unamortized Financing Costs	1,608,000	1,747,000	1,319,000	1,460,000
Excess of Cost of Acquired Subsidiaries Over Underlying Book Value at Dates of Acquisition	4,701,000	1,250,000	6,605,000	6,605,000
Total Assets	$1,919,703,000	$1,694,822,000	$700,968,000	$637,353,000

Liabilities				
Current Liabilities:				
Payable to affiliates	$ 14,908,000	$ 2,557,000	$ —	$ 4,500,000
Short-term loans and current portion of long-term debt	10,754,000	3,297,000	28,576,000	21,650,000
Deferred taxes on income (primarily relating to installment receivables)	210,396,000	168,954,000	—	—
Accounts payable and other	558,257,000	428,829,000	131,207,000	90,838,000
Total Current Liabilities	$ 794,315,000	$ 603,637,000	$159,783,000	$116,988,000
Deferred Taxes on Income	40,211,000	37,481,000	36,451,000	33,027,000
Long-term Debt	204,647,000	205,210,000	149,720,000	165,675,000
Minority Interest in Subsidiaries	—	—	20,785,000	18,538,000
Equity of Marcor Inc.	880,530,000	848,494,000	334,229,000	303,125,000
Total Liabilities and Equity	$1,919,703,000	$1,694,822,000	$700,968,000	$637,353,000

	($000 omitted)	1973	1972
Operations	Net sales	$ 4,077,415	$ 3,369,321
	Net earnings (1)	96,652	72,672
	Taxes on income (1)	83,382	59,380
	Dividends (1)	36,799	34,370
	Additions to properties and equipment	202,589	150,595
	Depreciation and amortization	75,911	71,462
Financial Position	Working capital (after intercompany adjustments)		
	Parent and consolidated subsidiaries	$ 376,016	$ 363,419
	Credit subsidiary	689,876	590,110
	Accounts receivable (after intercompany adjustments)		
	Parent and consolidated subsidiaries	369,577	269,656
	Credit subsidiary	1,512,729	1,158,031
	Inventories	850,111	709,115
	Net investment in properties and equipment	984,292	930,644
	Long-term debt—		
	Parent and consolidated subsidiaries		
	Senior indebtedness	371,176	365,954
	Subordinated indebtedness	269,952	270,082
	Convertible subordinated indebtedness	100,000	100,000
	Credit subsidiary (before unamortized premium or discount)		
	Senior indebtedness	420,000	335,000
	Subordinated indebtedness	25,000	25,000
Stockholders' Interest	Stockholders' equity (1)	$ 1,028,949	$ 957,214
	Investment per common share (book value of shares outstanding at end of year) (2)	26.60	24.58
	Earnings per common share and common equivalent share (2)	3.01	2.17
	Earnings per common share assuming full dilution (2)	2.32	1.77
	Shares outstanding—		
	Preferred (pro forma prior to 1968)	6,059,573	6,173,543
	Common (2)	28,339,118	27,548,148
	Number of stockholders	77,537	75,412
Market History (3)	Market Price of Common Share High/Low (2)	29⅝-17¾	31⅜-21
	Closing Price Year End (2)	20	28⅝
	Price/Earnings Ratio (Fully Diluted Earnings) Year End	9	16

(1)
Amounts prior to November 1, 1968 have been reduced by the portions applicable to Container Corporation shares exchanged for debentures at that date.

(2)
Adjusted for two-for-one stock split June 9, 1970.

(3)
Based on calendar year.

1971	1970	1969	1968	1967	1966	1965	1964
$ 2,998,577	$ 2,804,856	$ 2,715,150	$ 2,500,705	$ 2,352,293	$ 2,354,488	$ 2,154,049	$ 2,087,966
57,512	59,637	66,950	53,810	37,443	36,699	40,050	35,501
43,523	54,339	63,637	53,282	29,521	27,772	31,643	29,252
34,150	31,788	25,701	25,265	22,131	21,803	21,215	20,171
173,386	159,771	136,328	99,722	95,945	101,898	104,743	103,396
63,747	54,118	50,226	47,432	45,417	41,651	37,606	34,496
$ 407,126	$ 690,973	$ 481,081	$ 452,662	$ 476,937	$ 462,268	$ 479,619	$ 381,737
544,036	184,448	388,493	390,122	301,702	249,574	285,489	277,119
266,851	311,104	324,940	226,676	237,043	257,480	214,237	128,307
890,043	709,954	851,470	821,147	663,305	621,995	661,555	624,746
629,904	598,520	530,819	499,448	447,955	457,120	445,173	390,917
937,180	831,653	750,355	706,479	602,274	580,456	523,434	461,799
356,352	357,508	382,038	368,734	294,898	270,082	259,215	113,631
270,212	270,342	270,472	274,181	4,950	—	—	—
100,000	—	—	—	—	—	—	—
370,000	320,000	248,750	235,000	175,000	125,000	125,000	125,000
25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
$ 920,688	$ 896,015	$ 859,347	$ 817,615	$ 791,675	$ 777,544	$ 762,851	$ 742,972
23.38	23.00	22.07	20.62	19.71	19.09	18.52	17.81
1.64	1.77	2.09	1.57	.93	.90	1.02	.84
1.42	1.50	1.72	1.36	.93	.90	1.01	.84
6,159,323	6,466,452	6,558,072	6,612,352	6,566,049	6,597,704	6,598,680	6,552,414
27,399,003	26,161,154	25,502,528	25,226,784	25,173,114	25,173,114	25,162,844	25,157,624
77,037	80,585	80,862	88,248	104,661	104,456	102,902	108,079
38⅞-26⅜	30⅞-18⅜	32¼-20⅝					
30⅞	29¼	22⅝					
22	20	13					

Marcor Inc.

Directors

Leo H. Schoenhofen*
Chairman of the Board,
Chief Executive Officer
Marcor

Robert E. Brooker*
Chairman, Executive Committee
Marcor and Montgomery Ward

Charles L. Brown
President and
Chief Executive Officer
Illinois Bell Telephone Co.

Thomas F. Cass***
Group Executive Vice President
Container Corporation

Frederick S. Crysler***
Executive Vice President-
Administration
Container Corporation

Edward S. Donnell*
President, Marcor and
Montgomery Ward

William P. Drake
President, Chairman,
Chief Executive Officer
Pennwalt Corporation
Philadelphia, Pennsylvania

Gaylord Freeman
Chairman of the Board,
Chief Executive Officer
The First National Bank of
Chicago

Daniel M. Galbreath
Associate
John W. Galbreath & Co.,
Columbus, Ohio

Donald M. Graham
Chairman of the
Executive Committee
Continental Illinois National
Bank & Trust Company of
Chicago

Edward Gudeman**
Debenture holder
Lehman Brothers, New York

James Lutz**
Executive Vice President-
Merchandising
Montgomery Ward

Arthur C. Nielsen, Jr.
President
A. C. Nielsen Company
Chicago

Henry G. Van der Eb***
President,
Chief Executive Officer
Container Corporation

Gordon R. Worley*
Vice President-Finance
Marcor and Montgomery Ward

Other Officers

John D. Foster
Vice President
Organization Policy and
Planning

Peter T. Jones
Vice President
Legal and Government Affairs

Patrick J. Head
Vice President
Washington Office

Richard S. Kelly
Secretary and General Counsel

*Also Director of Montgomery Ward and Container Corporation
**Also Director of Montgomery Ward
***Also Director of Container Corporation

Marcor Committees

Executive Committee	Robert E. Brooker Chairman Leo H. Schoenhofen	Edward S. Donnell Edward Gudeman Henry G. Van der Eb
Nominating and Compensation Committee	Robert E. Brooker Chairman Leo H. Schoenhofen	Donald M. Graham Edward Gudeman Arthur C. Nielsen, Jr.
Finance Committee	Gordon R. Worley Chairman Robert E. Brooker Gaylord Freeman	Donald M. Graham Leo H. Schoenhofen (Ex Officio)
Audit Committee	Donald M. Graham Chairman Charles L. Brown	Gaylord Freeman Arthur C. Nielsen, Jr.
Restricted Stock, Stock Equivalent, Stock Price Plan and Stock Option Plan Committee	Charles L. Brown Chairman	William P. Drake Daniel M. Galbreath

Transfer Agents, Registrars and Trustees

Common Stock	Transfer Agents Morgan Guaranty Trust Company of New York, N.Y., N.Y. The Northern Trust Company Chicago, Ill.	Registrars Morgan Guaranty Trust Company of New York, N.Y., N.Y. The First National Bank of Chicago, Ill.
Preferred Stock	Transfer Agents First National City Bank New York, N.Y. Harris Trust & Savings Bank Chicago, Ill.	Registrars Chemical Bank New York, N.Y. Continental Illinois National Bank & Trust Company of Chicago, Chicago, Ill.
6½% Subordinated Instalment Debentures	Trustee	Continental Illinois National Bank & Trust Company of Chicago, Chicago, Ill.
5% Convertible Subordinated Debentures	Trustee	The Northern Trust Company Chicago, Ill.

Montgomery Ward

Directors and Officers

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Chairman, Executive Committee
Robert E. Brooker
Executive Vice Presidents
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James Lutz
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Vice Presidents
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Charles W. Wagner
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Assistant Treasurers
Bruce B. Gobeyn
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Assistant Secretaries
Karl Bemesderfer
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George T. Morgan
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Irwin J. Shapiro
William P. Terry
William A. Voss

Container Corporation of America

Directors and Officers

President and
Chief Executive Officer
Henry G. Van der Eb
Chairman, Executive Committee
Leo H. Schoenhofen
Group Executive Vice Presidents
R. Harper Brown
Thomas F. Cass
Executive Vice President
Frederick S. Crysler
Senior Vice Presidents
Richard C. Bittenbender
Robert E. Feltes
Harry E. Green
Donn O. Jennings
Everett G. Temple
William B. Whiting

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William H. Richards
Vice Presidents
Colin C. Handlon
Richard S. Kelly
William P. Peters
Lloyd E. Williams
Divisional Vice Presidents
Shipping Container Division
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Everett O. Jones
Frank G. Jones
Joseph F. Kilcullen
David F. Reynolds
Richard C. Winkler
Folding Carton Division
Albert A. Austin
Morton H. Robinson
J. Donald Scott
Jack D. Tovin
Overseas Division
Macon M. Dalton
Stanley B. Tamkin
David C. Whitehouse
Composite Can Division
Thomas L. Benson, Jr.
Paperboard Mill Division
R. William Erskine
Plastics Division
Jerome S. Heisler
Controller
H. Woodward Johnson, Jr.
Treasurer
James F. Oates
Secretary
Edward K. Meier
Associate General Counsel
H. Arvid Johnson
Assistant Corporate Controllers
James R. Fallen
William P. Lee
Assistant Treasurer
John J. Egan
Assistant Secretaries
Joseph B. Higgs
Richard W. Carpenter

Corporate Offices

Marcor Inc.
619 West Chicago Ave.
Chicago, Ill. 60607
Tel. (312) 467-8800
Edgemart Bldg., 4 Denny Road
Wilmington, Del. 19809
Tel. (302) 762-5256

Montgomery Ward & Co., Incorporated
619 West Chicago Ave.
Chicago, Ill. 60607
Tel. (312) 467-2000

Container Corporation of America
One First National Plaza
Chicago, Ill. 60670
Tel. (312) 786-5500

Form 10-K annual report

A copy of the form 10-K annual report filed with the Securities and Exchange Commission will be furnished on request to the Secretary of Marcor Inc., Edgemart Bldg, 4 Denny Road, Wilmington, Del. 19809

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